Chinese Power Plants in India

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Will the Minister of POWER be pleased to state:

(a) whether the Central Electricity Authority has set up a Committee to probe the technical quality of the Chinese plants installed in India;

(b) if so, the facts and details thereof;

(c) whether permission to the Chinese firms to set up power plants in the country is posing threat to the security of the country; and

(d) if so, the facts thereof and the steps taken by Government to ensure that such permission to the Chinese firms does not pose any threat to the country?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI JAIRAM RAMESH): (a) and (b) The Central Electricity Authority (CEA) set up a Committee earlier this year, to study the design features of boilers and auxiliaries being sourced from China with reference to the use of Indian coal having high ash content. The Committee examined the technical particulars, to the extent available, relating to major design features of boilers and their auxiliaries of 300/600 MW Chinese units of sub-critical design and the same was found to be in line with good engineering practices.

The Committee in its Report, which has been posted on CEA's website, has also brought out that there is a need to have due diligence during stage of specification finalization and detailed engineering by the utilities/consultants. A detailed comprehensive quality plan for ensuring quality at works and at site, identifying customer hold points and test procedures and standards need to be defined and implemented for each major equipment/system.

(c) and (d) According to information available with the CEA, no Chinese firm is setting up/developing a power project. However, some Chinese companies have been supplying equipment and carrying out Engineering, Procurement and Construction (EPC) contracts for execution of power projects.

After the enactment of the Electricity Act, 2003, the concurrence of Central Electricity Authority (CEA) is not required for setting up of thermal power plants including those in the private sector. In case of hydel projects, concurrence of CEA is required under Section 8(1) of the Electricity Act for setting up of a hydro power generation station estimated to involve a capital expenditure exceeding such sum fixed by the Central Government.

Further, under the existing policy of the Government, Foreign Direct Investment (FDI) is permitted in the power sector on the automatic route wherein no prior approval of the Government is required except when the foreign investor has an existing collaboration/joint venture in the same sector.

Guidelines for participation of foreign companies in the development or in the work packages of hydro-electric projects in sensitive areas, is under consideration of the Government.